

**ASSEMBLY BILL**

**No. 1041**

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**Introduced by Assembly Member Bennett  
(Coauthor: Assembly Member Addis)**

February 20, 2025

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An act to add Sections 1374.198 and 1380.2 to the Health and Safety Code, and to add Sections 10110.9 and 10144.565 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1041, as introduced, Bennett. Health care coverage: physician and provider credentials.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act's requirements a crime. Existing law provides for the regulation of health insurers by the Department of Insurance.

This bill would require those departments to review specified credentialing requirements and adopt regulations to establish minimum standards or policies and processes that can streamline and reduce redundancy and delay in physician credentialing. The bill would also require those departments to adopt regulations to develop, on or before July 1, 2027, a standardized credentialing form to be used by health care service plans and health insurers for credentialing and recredentialing purposes. The bill would require every health care service plan or health insurer to use the standardized credentialing form on and after July 1, 2027, or six months after the form is completed, whichever is later. The bill would require those departments to update

the form every three years, or as necessary to comply with changes in laws, regulations, and guidelines, as specified.

Existing law requires a health care service plan or disability insurer that provides coverage for mental health and substance use disorders and that credentials health care providers of those services for its networks to assess and verify the qualifications of a health care provider within 60 days after receiving a completed provider credentialing application.

This bill would, except as provided above, require a health care service plan or health insurer that credentials health care providers for its networks to assess and verify the qualifications of a provider within 90 days after receiving a completed provider credentialing application. If the health care service plan or health insurer does not meet the 90-day requirement, the bill would require the applicant's credentials to be conditionally approved unless specified circumstances apply, including that the applicant is subject to discipline by the licensing entity for that applicant.

Because a willful violation of these provisions by a health care service plan would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 1374.198 is added to the Health and  
2     Safety Code, immediately following Section 1374.197., to read:  
3     1374.198. Except as provided in Section 1374.197, for provider  
4     contracts issued, amended, or renewed on and after January 1,  
5     2026, a health care service plan that credentials health care  
6     providers for its networks shall assess and verify the qualifications  
7     of a health care provider within 90 days after receiving a completed  
8     provider credentialing application. Upon receipt of the application  
9     by the credentialing department, the health care service plan shall  
10    notify the applicant within 10 business days to verify receipt and

1 inform the applicant whether the application is complete. The  
2 90-day timeline shall apply only to the credentialing process and  
3 does not include contracting completion. If the health care service  
4 plan does not meet the 90-day requirement, the applicant's  
5 credentials shall be conditionally approved unless all of the  
6 following apply:

7 (a) The applicant is subject to discipline by the licensing entity  
8 for that applicant.

9 (b) The applicant is subject to malpractice pursuant to the  
10 National Practitioner Data Bank.

11 (c) The applicant has not been credentialed by the health care  
12 service plan in the past five years.

13 SEC. 2. Section 1380.2 is added to the Health and Safety Code,  
14 to read:

15 1380.2. (a) The department shall review the National  
16 Committee for Quality Assurance, Medicare, and Medicaid  
17 credentialing requirements and adopt regulations to do both of the  
18 following:

19 (1) Establish minimum standards or policies and processes that  
20 can streamline and reduce redundancy and delay in physician  
21 credentialing.

22 (2) (A) On or before July 1, 2027, develop a standardized  
23 credentialing form that shall be used by all health care service  
24 plans for credentialing and recredentialing purposes.  
25 Notwithstanding any other law, on and after July 1, 2027, or six  
26 months after the form is completed pursuant to this section,  
27 whichever is later, every health care service plan shall use the  
28 standardized credentialing form described in paragraph (2). A  
29 health care service plan shall only be allowed to request additional  
30 information from a physician to clarify and confirm information  
31 that is provided on the standardized credentialing form. A health  
32 care service plan shall minimize the number of requests for  
33 additional information from physicians.

34 (B) The standardized credentialing form developed pursuant to  
35 this subdivision shall be made electronically available by the  
36 department and health care service plan. The form may be  
37 electronically completed and submitted by the physician to the  
38 health care service plan.

39 (C) The department shall update the standardized credentialing  
40 form every three years, or as necessary to comply with changes in

1 laws, regulations, and guidelines related to the credentialing  
2 requirements.

3 (b) Paragraph (2) of subdivision (a) does not apply to contracts  
4 with the State Department of Health Care Services pursuant to  
5 Chapter 7 (commencing with Section 14000) or Chapter 8  
6 (commencing with Section 14200) of Part 3 of Division 9 of the  
7 Welfare and Institutions Code.

8 SEC. 3. Section 10110.9 is added to the Insurance Code, to  
9 read:

10 10110.9. The department shall review the National Committee  
11 for Quality Assurance, Medicare, and Medicaid credentialing  
12 requirements and adopt regulations to do both of the following:

13 (a) Establish minimum standards or policies and processes that  
14 can streamline and reduce redundancy and delay in physician  
15 credentialing.

16 (b) (1) On or before July 1, 2027, develop a standardized  
17 credentialing form that shall be used by all health insurers for  
18 credentialing and recredentialing purposes. Notwithstanding any  
19 other law, on and after July 1, 2027, or six months after the form  
20 is completed pursuant to this section, whichever is later, every  
21 health insurer shall use the standardized credentialing form  
22 described in paragraph (2). A health insurer shall only be allowed  
23 to request additional information from a physician to clarify and  
24 confirm information that is provided on the standardized  
25 credentialing form. A health insurer shall minimize the number of  
26 requests for additional information from physicians.

27 (2) The standardized credentialing form developed pursuant to  
28 this subdivision shall be made electronically available by the  
29 department and health insurer. The form may be electronically  
30 completed and submitted by the physician to the health insurer.

31 (3) The department shall update the standardized credentialing  
32 form every three years, or as necessary to comply with changes in  
33 laws, regulations, and guidelines related to the credentialing  
34 requirements.

35 SEC. 4. Section 10144.565 is added to the Insurance Code,  
36 immediately following Section 10144.56, to read:

37 10144.565. Except as provided in Section 10144.56, for  
38 provider contracts issued, amended, or renewed on and after  
39 January 1, 2026, a health insurer that credentials health care  
40 providers for its networks shall assess and verify the qualifications

1 of a health care provider within 90 days after receiving a completed  
2 provider credentialing application. Upon receipt of the application  
3 by the credentialing department, the health insurer shall notify the  
4 applicant within 10 business days to verify receipt and inform the  
5 applicant whether the application is complete. The 90-day timeline  
6 shall apply only to the credentialing process and does not include  
7 contracting completion. If the health insurer does not meet the  
8 90-day requirement, the applicant's credentials shall be  
9 conditionally approved unless all of the following apply:

10 (a) The applicant is subject to discipline by the licensing entity  
11 for that applicant.

12 (b) The applicant is subject to malpractice pursuant to the  
13 National Practitioner Data Bank.

14 (c) The applicant has not been credentialed by the health insurer  
15 in the past five years.

16 SEC. 5. No reimbursement is required by this act pursuant to  
17 Section 6 of Article XIII B of the California Constitution because  
18 the only costs that may be incurred by a local agency or school  
19 district will be incurred because this act creates a new crime or  
20 infraction, eliminates a crime or infraction, or changes the penalty  
21 for a crime or infraction, within the meaning of Section 17556 of  
22 the Government Code, or changes the definition of a crime within  
23 the meaning of Section 6 of Article XIII B of the California  
24 Constitution.